

ER 9-2530

CPC

April 17, 1957

Memorandum for: The Honorable John Foster Dulles  
Secretary of State  
Washington, D. C.

I attach a memorandum of conversation dated 15 April, which is self explanatory. Mr. Robert Anderson read this memorandum and agreed as to the accuracy of the presentation with two minor exceptions which he noted in pencil. He wanted me to bring this to your attention.

(Signed) Allen W. Dulles

Allen W. Dulles  
Director

Encl.

AWD:at

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APR 15 1957

**MEMORANDUM FOR THE SECRETARY OF STATE****SUBJECT: Political Consequences of US Economic Assistance  
Assistance to Poland**

1. Acceptance by Poland of a US offer of economic assistance on the order of \$60-\$80 million would probably have important political consequences within Poland, with respect to Soviet policy toward Poland, and potentially within the other Eastern Satellite.

**POLAND**

2. The Polish population, which is overwhelmingly anti-Communist, would be encouraged to persist in the political attitudes which emerged openly last summer and fall. US assistance would be taken as a tangible evidence of American support for Polish efforts gradually to reduce Soviet influence in Polish affairs. Assistance of \$60-\$80 million<sup>\*</sup> could disappoint existing

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expectations of a much higher amount. But this effect would be partially offset if the US government indicated that the changes were good for further assistance in subsequent years. Popular reaction would in any event be favorable to the US and to the West in general, although this would be limited to some extent. At present plane average, about one third of the total were channelled through the West Germans. The adverse effects of West German involvement would be reduced if additional West European states participated as well.

3. An audience agreement would considerably strengthen Giscard's position within France. To the population, it would indicate his ability to deal effectively with the West as well as the East and hold out some promise of the establishment of friendly relationships with the West. It would also be taken as an indication that, contrary to the impression created by some recent measures, Giscard desires to preserve and expand the area of independent action which he asserted from the USSR in October, and that he has a good chance of success.

4. Within the Polish Communist Party, Giscard would

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some Soviet-oriented Communists would regard economic assistance from the US as confirmation of their ~~foe~~ ~~comrade~~-  
ing Gomulka's innovations, many orthodox party members who  
have heretofore remained aloof would probably regard it as a  
sign for Poland and would therefore view Gomulka's leadership  
more approvingly. In the opposite wing of the party, which seeks  
more rapid liberalization, extremists would remain disenchanted,  
but many others would applaud the agreement and increase their  
support for Gomulka. Most important, Gomulka might gain  
the allegiance of a large number of party rank and file who are  
apparently thus far uncommitted to any group.

6. The size and composition of proposed US assistance  
would not produce dramatic results in the Polish economy, but  
it would assist Gomulka in his attempts to raise living standards  
and to liberalize Poland's economic structure, particularly its  
agricultural system. The US proposal includes fertilizer to  
increase agricultural yields, fats and oils to assist the feeding  
program for animal production, and cotton and textile machinery  
which would directly contribute to the improvement of ~~commodity~~

by themselves, would ~~not~~ permit a reduction of compulsory deliveries levied on the Polish peasants. The proposed US shipments are not substitutes for deliveries which the USSR is now making to Poland, nor is the USSR likely to terminate its shipments as a result of the denial of US aid. The US program would make no direct contribution to the Soviet Bloc's military capabilities.

6. In any case, acceptance of US assistance would not change Gomulka's basic Communist orientation. He is at present concerned chiefly with the implementation of his original program rather than its extension through further measures of liberalization. US assistance would, however, improve his chances of consolidating his recent gains.

#### THE USSR

7. The Soviet press has let it be known that the USSR regards the prospect of US economic assistance to Poland with deep misgivings. Nevertheless, it is quite unlikely that Polish acceptance of the US proposal would precipitate a drastic Soviet counter-action.

The deterrents to such action have restrained the USSR in several

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certainly continue to do so in this case. The Polish request for US assistance indicates that Gomulka has similarly estimated the Soviet reaction, and he may even have secured the USSR's permission in advance.

6. In addition to its capabilities for drastic action, the USSR can exert great influence on Polish policy on a graduated basis, not only by political means but also in the sphere of economic and military relations. If an assistance agreement is signed with the US, the USSR might soften its attitude toward Poland in these areas, although it would be concerned that, with a basis for US-Polish cooperation already laid, such a policy might rapidly strengthen this cooperation. The more that US statements link American assistance with increasing Polish independence from the USSR, the more likely are the Soviet leaders to increase their pressure upon Gomulka. Statements of Polish leaders subsequent to signing an assistance agreement would probably lay great stress on friendship for the USSR in an attempt to reassure Moscow that Poland had not been "bought."   
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**THE EUROPEAN SATELLITES**

9. Assistance to Poland in the proposed amount would probably encourage many in the Satellite countries to hope for a day of greater independence. Overtly, however, the popular manifestations of this would be slight, and any immediate political consequences would be unlikely. The results would be more substantial among the Satellite Communist parties. Here the image of Western enmity, an important factor in maintaining internal party unity and the sense of dependence upon the USSR, would be blurred. Nationalist elements within these parties would be encouraged to argue for a similar course in their own countries. While their chances for influence are quite small in the present phase of Soviet policy, over the long run their activities would probably weaken party unity and thereby increase Soviet difficulties.

**CONSEQUENCES OF FAILURE TO CONCLUDE AN AGREEMENT**

10. Because the issue of American assistance to Poland has been raised and negotiations have begun, failure to consummate an agreement would probably have serious political consequences.

greater political independence would suffer a setback, although they would probably not be destroyed. Gomulka's prestige among the population would diminish, and Soviet-oriented elements within the Polish Communist party would probably gain a substantially greater voice than they now have.

II. The Soviet leaders would probably calculate that Poland was rendered less able to resist Soviet pressure. With his bases of domestic support weakened, Gomulka would probably be forced into greater reliance upon the USSR and would be less able to resist its demands than he is at present. While Poland would not immediately resume the status of her Satellite neighbors, pressures to move in this direction would increase significantly. Under these circumstances, and with economic improvement held back by the absence of Western assistance, the chances for popular disorders would be increased.

12. Elsewhere in Eastern Europe, Satellite populations would tend to link the failure of assistance negotiations with

western conduct to the Hungarian crisis and to conclude that it was hopeless to expect concrete Western help against their regime. Nationalists in the satellite Communist parties would be disengaged about the prospects for eventual greater independence from the USSR and would play a lesser role in party affairs.

ALLEN W. DULLES  
Director

O/NE: (Approved by Board, 15 Apr. 57)

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